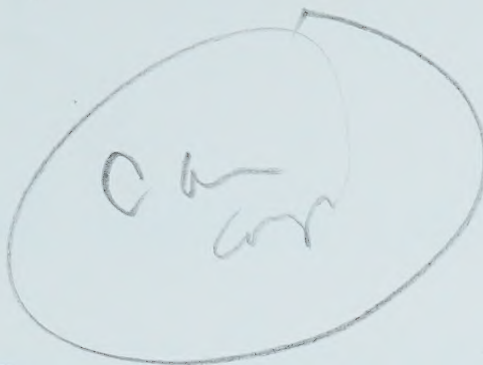


1969

AR38

1969



File

DOMINE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1969

Including Copies of the Reports of

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

and

CAMPBELL RED LAKE MINES LIMITED

FOR THE SAME PERIOD



Digitized by the Internet Archive
in 2024 with funding from
University of Alberta Library

https://archive.org/details/Dome1986_1969

DOMINE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1969

ANNUAL MEETING OF SHAREHOLDERS

will be held
at 10:30 o'clock a.m. (Toronto time)
Monday, April 27, 1970,
Library, Royal York Hotel,
TORONTO, ONTARIO

To Canadian Shareholders:

It is the view of the management of the Company that Canadian shareholders are entitled to a depletion allowance of 20% of the dividend paid on February 14, 1969 and a depletion allowance of 15% of the dividends paid thereafter during the year 1969 pursuant to Section 11 of the Income Tax Act and the Income Tax Regulations.

Dome Mines Limited

(Incorporated under the laws of Canada)

LOCATION OF MINE AND HEAD OFFICE

South Porcupine, Ont.
Canada

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre,
Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

AUDITORS

Clarkson, Gordon & Co. — Toronto 1, Ont.

VICE-PRESIDENT AND GENERAL MANAGER

Charles P. Girdwood

GENERAL SUPERINTENDENT — South Porcupine

Arthur D. Robinson

DOMEXPLORATION (CANADA) LIMITED

360 Bay Street, Suite 702, Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre,
Toronto 1, Ont.

DIRECTORS

Clifford W. Michel.....	New York, N.Y.
F. Warren Pershing.....	New York, N.Y.
A. Bruce Matthews.....	Toronto, Ont.
James B. Redpath.....	Toronto, Ont.
William F. James.....	Toronto, Ont.
William R. Biggs.....	New York, N.Y.
Allen T. Lambert.....	Toronto, Ont.
Bryce R. MacKenzie.....	Toronto, Ont.
Charles P. Girdwood.....	South Porcupine, Ont.

OFFICERS

Clifford W. Michel
Chairman of the Board and Treasurer

James B. Redpath
President

Charles P. Girdwood
Vice-President and General Manager

Bryce R. MacKenzie
Secretary

H. H. Buttermann
Assistant Secretary

F. M. Fell
Assistant Secretary

J. E. Alexander
Assistant Secretary

H. W. Macdonell
Assistant Treasurer

A. D. Robinson
General Superintendent

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	Parent Company	
	1969	1968
Tonnage Milled	✓ 705,500	712,900
Ounces Gold Produced	✓ 179,661	180,668
Average Price of Gold per ounce	✓ \$37.69	\$37.72
Value of Bullion	\$ 6,851,944	\$ 6,911,444 ✓
Operating Costs	\$ 7,691,592	\$ 7,708,647
Net Income (excluding equity in undistributed earnings of subsidiary companies)	\$ 3,270,455	\$ 3,203,029
Net Income per share (excluding equity in undistributed earnings of subsidiary companies)	\$1.68	\$1.64 ✓
Net Income (including equity in undistributed earnings of subsidiary companies)	\$ 3,800,774	\$ 3,891,764
Net Income per share (including equity in undistributed earnings of subsidiary companies)	\$1.95	\$2.00 ✓
Current Assets	\$11,277,702	\$ 9,615,713
Current Liabilities	\$ 987,025	\$ 1,063,560
Working Capital	\$10,290,677	\$ 8,552,153
Investments	\$24,314,701	\$23,819,388
Number of Shareholders — December 31	6,063	6,135
Dividends Declared	\$ 1,557,335	\$ 1,557,335
Dividends declared per share	\$0.80	\$0.80
Shares Issued	1,946,668	1,946,668

	Principal Subsidiary Companies	
Sigma Mines (Quebec) Limited (63% owned by Dome)		
Net Income	\$ 330,983	\$ 365,021
Campbell Red Lake Mines Limited (57% owned by Dome)		
Net Income	\$ 2,899,927	\$ 3,184,407

of

Dome Mines Limited

(For the Financial Year Ended December 31, 1969)

Toronto, Ontario,
February 26, 1970.

To the Shareholders of
Dome Mines Limited:

On behalf of your Directors, the Chairman and President are pleased to submit their joint report covering the financial year ended December 31, 1969. This report includes the Balance Sheet and Statements of Income and Earned Surplus which consolidate your Company's interests in its subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited. In order to compare with previous Annual Reports, we include as heretofore, the parent Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds. All these statements are certified by the Auditors of the Company. Our Report also includes the Report of the General Manager and the Report of the President of Dome Exploration (Canada) Limited, our exploration subsidiary.

Consolidated Net Income aggregated \$3,800,774, or \$1.95 per share as compared with \$3,891,764 or \$2.00 per share in 1968. From these earnings, dividends of 80¢ per share were declared during the year.

The decline in net income, while small, is the resultant of such cross currents as continuing inflation in costs of materials and wages, the sharply increased rate of Provincial mining tax on our subsidiary Campbell Red Lake Mines Limited, the shortage in labour supply which inhibited internal development work at both the parent mine and the Campbell Red Lake Mine, expansion in outside exploration expenditures and increased other income particularly from debenture interest received from our affiliate, Dome Petroleum Limited referred to in a subsequent paragraph.

The working capital position of the Company, on a consolidated basis increased by \$2,500,000, to a total of \$19,471,608. This strong position gives us increased wherewithal to search for new natural resources in the hard rock area, and to participate in the exploration program of Panarctic Oils Ltd. As reported to you last year, Panarctic Oils is a corporate exploration syndicate searching for hydrocarbons on some fifty million acres in the Arctic Islands, where drilling operations are in progress at the present time. Our affiliate, Dome Petroleum Limited, is currently the operator of this exploration project and holds a 4.06% stock interest in Panarctic Oils, as well as a direct interest in 5,784,000 net acres on the Islands. Dome Mines and its subsidiaries have a 1.36% interest in the Panarctic project and the Canadian Government a 45% interest.

Your Company's ownership in its affiliate, Dome Petroleum is equivalent to 18% on the basis of stock owned, or 22% if the 5% Subordinated Income Debentures held by it and subsidiaries, are converted into common stock. The 595,000 shares directly owned, before conversion of Debentures, had a market value of \$54,442,000 based on the 1969 closing bid price on the Toronto Stock Exchange compared with a cost value of \$3,206,000. Unaudited financial figures show net income of the affiliated company for the year 1969 was 16% below the record results of 1968 due to lower product prices, higher interest charges on increased debt incident to the expansion of Liquid Petroleum Gas facilities, and higher operating costs. Nevertheless with a cash flow of \$12,800,000 and a net income of \$8,400,000 and the prospect of improved results as the new facilities come on stream late in 1970, there is reason to believe that our investment has a potential for growth in the years ahead.

The Annual Report of our two major subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited are attached to this report. The dividends from Campbell provide the largest single source of other income to the parent. Campbell does not receive benefits under Cost Aid. The free market gold price was strong during the first half of the year gradually declining to approximate its official \$35 U.S. value during the final quarter. The resultant average price closely approximated the average price of the preceding year. With an increased rate of mining tax, marginally lower grade and increased costs, earnings declined to \$2,899,927 from \$3,184,407 in 1968. The net income of Sigma declined to \$330,983 from \$365,021 as a result of increased operating costs. The shares of Campbell which cost us \$1,332,000 had a market value of \$38,592,000 based on the 1969 closing bid price on the Toronto Stock Exchange. Comparable figures for our holdings in Sigma were a cost of \$732,000 and a market value of \$2,596,000.

The mineral exploration program was substantially increased with our affiliate company, Dome Petroleum Limited joining our subsidiaries, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited in a joint search for new mineral deposits. This arrangement initiated as of January 1, 1969, spreads the costs and benefits of the project as follows: Dome Mines Limited 40%, Campbell Red Lake Mines Limited 21%, Sigma Mines (Quebec) Limited 6%, and Dome Petroleum Limited 33%. Projects initiated under the previous agreement will remain unchanged in the degree of participation of the parent Company and the two subsidiaries. The exploration activities are reviewed on page seventeen of this report.

Arising from your Company's participation in mineral exploration projects which made mineral discoveries, are our holdings in Mattagami Lake Mines Limited and Canada Tungsten Mining Corporation Limited. Mattagami Lake Mines holding a 62½% interest in a zinc refinery at Valleyfield, Quebec which is operated by Canadian Electrolytic Zinc Limited, paid dividends of \$1.50 per share which resulted in revenue to Dome Mines of \$558,000 in 1969.

Mattagami also announced the discovery of a valuable base metal deposit in the Sturgeon Lake area of Western Ontario shortly before the end of the year.

The mine in the Northwest Territories operated by Canada Tungsten Mining Corporation, had a satisfactory year repaying all past and current interest on the outstanding income debentures and substantially increasing working capital.

Under present legislation, the benefits of the Emergency Gold Mining Assistance Act extend until the end of 1970. With increasing costs both the Dome mine and the Sigma mine find themselves more dependent than ever on this Act for their continued operation. By far the greater part of the Canadian Gold Mining Industry is in a position of similar dependence. Benefits under the present formula are not sufficiently large to stem the accelerating decline of gold mining in Canada, as the costs of labour and supplies continue to increase.

The Federal Government has proposed far-reaching changes in taxation in the interests of tax reform. While many of the proposed changes are very complex and the ultimate results subject to some doubt nevertheless it now appears that their implementation would lower present mining company earnings substantially and make the finding and bringing to production of new properties more difficult and less rewarding.

The year 1969 was the first full year of operations of the "two tier" gold price system. From a peak of \$43.82½ U.S. per ounce in March, the price of gold in the free market declined to the official price of \$35 U.S. per ounce. This drop reflects the liquidation by private holders of the large amounts of gold that they had acquired from Central Bank Reserves, largely those of the United States, during the gold crisis of 1968. It has been estimated that as much as \$2.5 billion flowed out of official reserves in the year, and that this private "overhang" has now been reduced to less than \$1 billion. With South Africa again permitted to sell a portion of its new production to the International Monetary Fund at the official price and thus not pressed on to the free market, a case can be made for a gradual upward trend in the price. Clearly, the Central Banks of Continental Europe have a stake in the \$35 U.S. official floor price for gold. During the long period that the United States has been running a Balance of Payments deficit and permitting its gold reserves to decline from \$24 billion to \$10 billion, the European Central Banks increased their gold reserves from \$5 billion to \$20 billion, which is 50% of the world's monetary stock and, in aggregate, twice that of the United States holdings. It is unlikely that these Banks will accept only a dollar standard or the newly created "Special Drawing Rights" on the International Monetary Fund as the basis for international reserves, until they are convinced that the United States is willing to subject itself to the same Balance of Payments discipline that all other countries must accept.

Your Directors again wish to record their appreciation for the effective planning and direction by management and staff and to thank all employees for their loyalty and untiring efforts to increase the efficiency of the Company's operations.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

DOME MINE

(Incorporated under the laws of the State of Nevada)

BALANCE SHEETS

(with comparative figures)

ASSETS

	Parent Company		Consolidated	
	1969	1968	1969	1968
Current Assets:				
Cash, including bank term deposits	\$ 1,995,601	\$ 2,586,500	\$ 2,773,507	\$ 3,759,589
Bullion on hand and in transit, at net realizable value	550,440	435,798	1,506,815	2,174,531
Short term commercial paper, at cost	3,230,530	1,192,476	7,131,738	3,772,675
Marketable securities (schedule attached) (note 2)	3,419,037	3,269,037	7,349,803	6,883,803
Accounts receivable (note 3)	1,019,621	1,091,798	1,116,026	1,184,275
Mining and milling supplies, at cost	1,000,680	987,484	2,053,194	1,995,060
Deposits and prepaid expenses	61,793	52,620	110,295	69,680
	<u>11,277,702</u>	<u>9,615,713</u>	<u>22,041,378</u>	<u>19,839,613</u>
Investments (schedule attached) (note 2):				
Subsidiary companies	8,395,369	7,865,050		
Other	15,919,332	15,954,338	19,131,589	19,202,974
	<u>24,314,701</u>	<u>23,819,388</u>	<u>19,131,589</u>	<u>19,202,974</u>
Capital Assets:				
Buildings, machinery and equipment, substantially at cost	6,953,184	6,863,324	18,269,077	17,860,456
Less accumulated depreciation	6,679,074	6,583,816	16,948,896	16,689,078
	<u>274,110</u>	<u>279,508</u>	<u>1,320,181</u>	<u>1,171,378</u>
Mining claims and properties, at cost less amounts written off (note 5)	1	1	732,154	732,154
	<u>274,111</u>	<u>279,509</u>	<u>2,052,335</u>	<u>1,903,532</u>
	<u>\$35,866,514</u>	<u>\$33,714,610</u>	<u>\$43,225,302</u>	<u>\$40,946,119</u>

(See accompanying notes)

AUDITOR

To the Shareholders of
Dome Mines Limited:

We have examined the balance sheets of Dome Mines Limited, parent company, and of Dome Mines Limited and its subsidiary companies consolidated, as at December 31, 1969 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

S LIMITED

(laws of Canada)

DECEMBER 31, 1969

(December 31, 1968)

LIABILITIES

	Parent Company		Consolidated	
	1969	1968	1969	1968
Current Liabilities:				
Salaries and wages payable	\$ 264,646	\$ 267,151	\$ 464,290	\$ 492,479
Accounts payable	149,451	158,023	419,636	454,330
Accrued charges	183,594	216,265	260,211	318,888
Accrued taxes		32,787	699,102	899,639
Dividends payable	389,334	389,334	726,531	726,531
	<u>987,025</u>	<u>1,063,560</u>	<u>2,569,770</u>	<u>2,891,867</u>
Deferred Income Taxes		15,000	60,000	103,000
Minority Interest in Subsidiary Companies			<u>5,716,043</u>	<u>5,315,202</u>
Capital and Surplus:				
Capital —				
Authorized:				
2,000,000 shares of no nominal or par value				
Issued:				
1,946,668 shares	7,000,000	7,000,000	7,000,000	7,000,000
Paid-in surplus (no change during year)	3,606,389	3,606,389	3,606,389	3,606,389
Earned surplus	<u>24,273,100</u>	<u>22,029,661</u>	<u>24,273,100</u>	<u>22,029,661</u>
	<u>34,879,489</u>	<u>32,636,050</u>	<u>34,879,489</u>	<u>32,636,050</u>
On behalf of the Board:				
J. B. REDPATH, Director				
B. R. MacKENZIE, Director				
	<u>\$35,866,514</u>	<u>\$33,714,610</u>	<u>\$43,225,302</u>	<u>\$40,946,119</u>

financial statements)

PORT

In our opinion these financial statements present fairly the financial position of Dome Mines Limited and of that company and its subsidiary companies consolidated, as at December 31, 1969, the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 29, 1970.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Dome Mines Limited

STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	Parent company		Consolidated	
	1969	1968	1969	1968
Revenue:				
Bullion	\$6,851,944	\$6,911,444	\$17,820,892	\$18,039,349
Expenditures:				
Development	1,019,288	1,349,041	2,201,066	2,557,868
Mining	5,120,936	4,836,545	8,706,215	8,153,114
Reduction	1,017,258	994,660	2,330,421	2,314,483
Refining and marketing	47,663	57,640	132,303	152,542
General and administrative	420,297	412,993	1,034,077	1,025,961
Taxes other than income	66,150	57,768	138,149	125,944
	7,691,592	7,708,647	14,542,231	14,329,912
Less credit under the Emergency Gold Mining Assistance Act	1,615,000	1,605,000	2,488,400	2,469,000
	6,076,592	6,103,647	12,053,831	11,860,912
	775,352	807,797	5,767,061	6,178,437
Deduct:				
Provision for depreciation (note 4)	115,202	127,086	374,634	385,724
Provision for tax under Provincial Mining Tax Acts		35,000	590,000	456,200
	115,202	162,086	964,634	841,924
Operating profit	660,150	645,711	4,802,427	5,336,513
Add other income:				
Equity in earnings of subsidiary companies (including dividends received: 1969 — \$1,322,713; 1968 — \$1,382,193)	1,853,032	2,070,928		
Other dividends	735,760	645,628	735,760	731,628
Interest on Dome Petroleum Limited income debentures	600,000	452,671	750,000	546,421
Other interest, etc.	518,560	535,040	1,060,417	1,037,680
	4,367,502	4,349,978	7,348,604	7,652,242
Deduct outside exploration expenses	511,728	283,214	738,159	448,158
Income before provision for income taxes	3,855,774	4,066,764	6,610,445	7,204,084
Provision for income taxes:				
Current	70,000	185,000	1,474,793	1,806,686
Deferred	(15,000)	(10,000)	(43,000)	(8,000)
	55,000	175,000	1,431,793	1,798,686
	3,800,774	3,891,764	5,178,652	5,405,398
Minority interest in income of partially-owned subsidiary companies			1,377,878	1,513,634
Net income for the year	\$3,800,774	\$3,891,764	\$3,800,774	\$3,891,764
Net income per share			\$1.95	\$2.00

(See accompanying notes to financial statements)

Dome Mines Limited

STATEMENTS OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	Parent Company		Consolidated	
	1969	1968	1969	1968
Balance, January 1	\$22,029,661	\$19,535,232	\$22,029,661	\$19,535,232
Add:				
Net income for the year	3,800,774	3,891,764	3,800,774	3,891,764
Adjustment of prior years' income taxes of a subsidiary		160,000		160,000
	<u>25,830,435</u>	<u>23,586,996</u>	<u>25,830,435</u>	<u>23,586,996</u>
Deduct dividends declared of 80¢ per share comprising four quarterly dividends of 20¢ each	1,557,335	1,557,335	1,557,335	1,557,335
Balance, December 31	<u>\$24,273,100</u>	<u>\$22,029,661</u>	<u>\$24,273,100</u>	<u>\$22,029,661</u>

STATEMENTS OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	Parent Company		Consolidated	
	1969	1968	1969	1968
Source of funds:				
Operations —				
Net income for the year	\$ 3,800,774	\$ 3,891,764	\$ 3,800,774	\$ 3,891,764
Depreciation	115,202	127,086	374,634	385,724
Decrease in deferred income taxes	(15,000)	(10,000)	(43,000)	(8,000)
Equity in undistributed earnings of subsidiary companies	(530,319)	(688,735)		
Minority interest in income of subsidiaries less dividends paid			400,841	536,597
Total from operations	<u>3,370,657</u>	<u>3,320,115</u>	<u>4,533,249</u>	<u>4,806,085</u>
Return of investment in share capital of a subsidiary		3,000		
Adjustment of prior years' income taxes of a subsidiary		160,000		160,000
Total	<u>3,370,657</u>	<u>3,483,115</u>	<u>4,533,249</u>	<u>4,966,085</u>
Application of funds:				
Increase (decrease) in other investments —				
Dome Petroleum Limited debentures		9,000,000		12,000,000
Other	(35,006)	(162,797)	(71,385)	(195,852)
	<u>(35,006)</u>	<u>8,837,203</u>	<u>(71,385)</u>	<u>11,804,148</u>
Dividends	1,557,335	1,557,335	1,557,335	1,557,335
Expenditures on capital assets (net)	109,804	30,990	523,437	276,759
Total	<u>1,667,139</u>	<u>10,425,528</u>	<u>2,009,387</u>	<u>13,638,242</u>
Net increase (decrease) in working capital for year	<u>1,738,524</u>	<u>(6,942,413)</u>	<u>2,523,862</u>	<u>(8,672,157)</u>
Working capital, January 1	8,552,153	15,494,566	16,947,746	25,619,903
Working capital, December 31	<u>\$10,290,677</u>	<u>\$ 8,552,153</u>	<u>\$19,471,608</u>	<u>\$16,947,746</u>

(See accompanying notes to financial statements)

Dome Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS

DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

	Par value or number of shares	Book value (note 2)	
		1969	1968
Marketable Securities:			
Parent company —			
Government and government guaranteed short term securities (\$1,250,000 par value in 1968)	\$ 1,400,000	\$ 1,395,950	\$ 1,245,950
Cities Service Company, common shares	80,000	2,023,087	2,023,087
		<u>3,419,037</u>	<u>3,269,037</u>
Subsidiary companies —			
Government and government guaranteed short term securities (\$3,641,500 par value in 1968)	\$ 3,441,500	3,433,016	3,614,766
Corporate bonds	\$ 500,000	497,750	
Consolidated		<u>\$ 7,349,803</u>	<u>\$ 6,883,803</u>
(Quoted market values of above "Marketable Securities": 1969 — parent company \$4,796,000, consolidated \$ 8,607,000; 1968 — parent company \$7,985,000, consolidated \$11,491,000)			
Subsidiary Companies:			
Parent company (note 2) —			
Campbell Red Lake Mines Limited (57% owned — cost \$1,331,595)	2,270,105	\$ 6,210,657	\$ 5,699,719
Sigma Mines (Quebec) Limited (63% owned — cost \$731,764)	625,536	2,159,712	2,140,331
Dome Exploration (Canada) Limited (100% owned)	250	25,000	25,000
		<u>\$ 8,395,369</u>	<u>\$ 7,865,050</u>
Other Investments:			
Parent company —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988	\$12,000,000	\$12,000,000	\$12,000,000
Shares	595,000	3,206,543	3,206,543
Canada Tungsten Mining Corporation Limited:			
6% income debentures due in 1971	\$ 389,136	389,136	389,136
Shares	698,164	1	1
Mattagami Lake Mines Limited:			
Shares (366,192 shares in 1968)	380,000	323,651	33,292
Sundry		1	325,366
		<u>15,919,332</u>	<u>15,954,338</u>
Subsidiary companies —			
Dome Petroleum Limited:			
5% subordinated convertible income debentures due May 15, 1988	\$ 3,000,000	3,000,000	3,000,000
Local school and municipal debentures (\$34,000 par value in 1968)	\$ 28,500	28,361	33,798
Sundry		183,896	214,838
Consolidated		<u>\$19,131,589</u>	<u>\$19,202,974</u>

(Quoted market values of above "Other Investments" including debentures at their respective par or book values:

1969 — parent company \$79,314,000, consolidated \$82,565,000;

1968 — parent company \$73,313,000, consolidated \$76,603,000)

(See accompanying notes to financial statements)

Dome Mines Limited

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1969

1. Principles of consolidation

The consolidated financial statements include the accounts of the wholly-owned subsidiary, Dome Exploration (Canada) Limited and the two partially-owned subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).

2. Investments

The company follows the equity method of accounting for its investments in subsidiary companies. Accordingly, the carrying value of these investments in the balance sheet of the parent company, unconsolidated, reflects the company's share of undistributed earnings of the subsidiaries since acquisition and the statement of income of the parent company, unconsolidated, reflects the company's equity in the earnings of the subsidiaries for the year.

Marketable securities and other investments are carried at cost except for (a) shares acquired as a result of development work (which are carried at nominal value), and (b) certain other investments which are carried at cost less amounts written off.

3. Accounts receivable

	Parent company		Consolidated	
	1969	1968	1969	1968
Dividends receivable from subsidiary companies	\$ 462,722	\$ 462,722		
Estimated amount receivable under the Emergency Gold Mining Assistance Act	321,255	354,218	\$ 624,535	\$ 645,756
Accrued interest	131,155	112,328	310,644	235,664
Other (including taxes recoverable and special 5% refundable tax)	104,489	162,530	180,847	302,855
	<u>\$1,019,621</u>	<u>\$1,091,798</u>	<u>\$1,116,026</u>	<u>\$1,184,275</u>

4. Depreciation

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

5. Mining claims and properties

The amounts shown for mining claims and properties are made up as follows:

Dome Mines Limited —		
Mining claims and properties, at nominal value		\$ 1
Sigma Mines (Quebec) Limited —		
Mining claims and properties, at nominal value	1	
Leasehold properties, at cost	21,500	21,501
Campbell Red Lake Mines Limited —		
Mining claims and properties, acquired for 1,277,500 shares issued at (with no deduction for ores mined)	197,500	
Excess of cost of Dome's investment in shares of Campbell over underlying book values at date of acquisition	404,539	
Townsite land, at cost	108,613	710,652
		<u>\$ 732,154</u>

6. Remuneration of directors

The total remuneration paid in respect of 1969 by the company and its subsidiaries to directors of the company, including those holding salaried employment, amounted to \$112,500.

7. Account reclassification

Mining and milling supplies, deposits and prepaid expenses and special 5% refundable tax which were classified as "other assets" in previous years have been grouped with "current assets" in 1969, and the 1968 figures submitted for comparison have been adjusted accordingly.

Dome Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

I submit for your consideration this report on the operations of your Company during the year 1969.

During the year 705,500 tons of ore were treated in the mill. In the course of mining operations 36,600 tons of waste rock were excavated, most of which was used as backfill or placed on surface stock-piles.

The 705,500 tons of ore milled yielded 179,661 ounces of gold, the yield being 0.2547 ounces, or 5.09 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was \$37.69 per ounce compared to \$37.72 per ounce for the previous year.

COSTS:

The expenditure on development was \$1,019,288 or \$1.44 per ton as compared with \$1,349,041 or \$1.89 per ton milled in 1968.

The expenditure on mining was \$5,120,936 or \$7.26 per ton as compared with \$4,836,545 or \$6.78 per ton milled in 1968.

The total operating charges for the year were \$7,691,592 or \$10.90 per ton as compared with \$7,708,647 or \$10.81 per ton milled in 1968.

The operating cost per ounce of gold produced was \$42.81 as compared with \$42.67 in 1968.

DEVELOPMENT:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1969

Level	Drifts	Cross-cuts	Drift and Cross-cut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration & Direction of Mining)
Surface								
1st								
3rd								
4th								
5th								
6th	740		14				754	3,985
7th				57		4	61	
8th	377		46		57	28	508	4,774
9th				142		14	156	1,987
10th	372	76	105				553	4,188
11th	61		2			52	115	
12th	76		58	29			163	2,620
13th			4	464	249	315	1,032	1,917
14th			6			13	19	597
15th								4,268
16th		31	1	174	18	28	252	4,816
17th	187		2	35	53	34	311	633
18th	93	286	46	63		42	530	1,544
19th	128		14	201	28	52	423	1,207
20th	449	85	72				606	4,495
21st			2	549	69	156	776	2,361
22nd	77	33	3	137	147	87	484	2,607
23rd	188	40	56	31	32	84	431	8,923
24th	446	221	248	280	315	287	1,797	594
25th	388	146	84	175	58	103	954	6,140
26th	50	29	20		277	116	492	
27th			2	205	22	26	255	
28th								
29th	61		30		69	52	212	3,162
30th								
31st	345		37	394	232	178	1,186	2,773
32nd	58	45	26	300	219	106	754	3,618
33rd								
34th	161		20	399	371	161	1,112	1,261
35th	1,352	685	67	388	44	59	2,595	2,294
36th				100		20	120	
37th			23	12			35	8,862
TOTALS	5,609	1,677	988	4,135	2,260	2,017	16,686	79,626

Development work amounted to 16,686 feet which compares with 25,342 feet in the previous year. The figures for 1969 include 2,819 feet of lateral development at No. 7 shaft. Development work below the sixteenth level was 13,073 feet as compared with 18,778 feet in the previous year. The total of 79,626 feet of core diamond drilling compares with the total of 87,758 feet in 1968.

MINING:

The 705,500 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes	649,600	5.45
From development	55,900	2.77
	<u>705,500</u>	<u>5.23</u>

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per Ton	
8th level to surface, No. 3 shaft	20,879	4.45	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft	212,321	6.65	Dev. & Stope Ore
Area serviced by No. 6 internal shaft	439,400	4.71	Dev. & Stope Ore
Area serviced by No. 7 internal shaft	32,900	3.60	Development Ore
Total Mine	<u>705,500</u>	<u>5.23</u>	Dev. & Stope Ore
Ore from Ankerite veins	<u>272,730</u>	<u>4.25</u>	Dev. & Stope Ore
(included in the above)			

ORE RESERVES:

Ore reserves at the close of the year were estimated at 1,819,000 tons with an average grade of 5.41 dwt. as compared with 1,926,000 tons with an average grade of 5.59 dwt. for 1968.

	Tons — 1969	Tons — 1968
Unbroken ore	1,654,000	1,742,000
Broken ore	165,000	184,000
	<u>1,819,000</u>	<u>1,926,000</u>

Ankerite ore comprises 33% of the reserves. This ore is more refractory to the milling process than the normal ore in the mine.

MILL:

Following are the milling results:

Tons of ore treated	705,500 tons
Average tons per day worked	1,982 tons
Average grade of ore treated	5.23 dwt. per ton
Recovery	5.09 dwt. per ton
Recovery percentage	97.30%

CAPITAL EXPENDITURE:

The details of changes in plant buildings and equipment are as follows:

Additions:	
Mine equipment	\$ 87,817
Reduction equipment	Nil
Surface equipment	22,220
	<u>\$ 110,037</u>
Less net book value of retirements	233
Net increase	<u>\$ 109,804</u>

GENERAL:

Operations at the mine continue to be adversely affected by cost increases due to inflation and by a severe shortage of experienced labour and suitable manpower for training. Among the main items causing higher costs are increased wage rates and employee benefits, Workmen's Compensation assessments, Ontario Hydro rates, supplies, sales taxes and transportation charges.

The application of long-hole mining to low grade orebodies continued with increasing emphasis during the year. Due to the distances involved from ore passes and shafts, some modifications to standard load-haul-dump methods are being employed. Greater use of ANFO for long-hole blasts has a beneficial effect on costs and is used wherever ground conditions warrant. These major projects undertaken in recent years are already contributing effectively to improved productivity and efficiency of operations.

The following tabulation will be of interest to illustrate various mining methods employed and the increasing importance of long-hole mining:

Source of Ore	Tonnage			% of Ore Milled		
	1969	1968	1967	1969	1968	1967
Cut-and-fill stopes	486,900	503,700	499,300	69.0	70.7	70.4
Shrinkage stopes	69,800	48,100	79,500	9.9	6.7	11.2
Long-hole stopes	92,900	65,600	42,300	13.2	9.2	6.0
Development ore	55,900	95,500	87,700	7.9	13.4	12.4
Totals	<u>705,500</u>	<u>712,900</u>	<u>708,800</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Development work accomplished during the year has been tabulated on page 13 and it will be noted that the total footage decreased by 34%. This reduction was due in part to the shortage of experienced miners and transfer of men to production jobs, but also to the completion of development programs on the lower levels of No. 7 shaft and shortage of new ore zones for development throughout the mine. Development on the 35th, 36th and 37th levels from this shaft has failed to produce ore-grade material. Preparation for mining above the 34th level is completed and during 1970 ankerite ore will be available from this horizon. In the No. 3 and No. 6 shaft areas development, while not as productive as in former years, has found some additional ore mainly associated with known geological structures, and orebodies mined in previous years. The trend to greater dependency on ore from the No. 6 internal shaft continued with percentage increasing from 61% to 67%; this shaft services the mine below 2,000 feet from surface.

Diamond drill footage decreased 9% due to shortage of experienced drillers; much of the drilling was concentrated in known-ore zones defining ore limits for long-hole stoping.

The reclassification of ore zones for reserve purposes, depending upon the mining method to be employed, mentioned in the report for 1968, had further impact on reserves; after milling 705,500 tons, ore reserves declined by 107,000 tons or 5.5%. The grade of reserves declined by 0.18 dwt. per ton or 2%.

The mill treated 705,500 tons or 1,982 tons per day worked which is approximately 1% below maximum capacity of the plant due to the labour shortage which was particularly acute during the summer months. Refractory ankerite ore increased from 34% to 39% of the ore milled; due to some improvements in metallurgical control, recovery increased 0.65% to 97.30%. It is of interest to note that recovery has increased 0.95% in the past two years. Cost of ore reduction was 4¢ per ton higher for the year. Gold production decreased 1,007 ounces and with a reduction of 3¢ in the average price per ounce of gold, bullion value decreased \$59,500.

For some years the Gold Mining Industry has suffered from a shortage of manpower due to the continued high level of industrial activity throughout Canada. In recent years at Dome, we have attempted to alleviate the shortage by an on-the-job training program for miners in co-operation with the Ontario Department of Labour. The program has been successful on a short-term basis as it provides a pool of partially-trained miners. However, on a long-term basis, many of the younger men are leaving to enter more highly-paid industries such as construction; the result has been a high turnover and a gradual increase in the average age of our employees which at the end of December was 50 years.

In May the United Steelworkers of America were certified as the bargaining agent for Dome employees and an agreement was reached in October 1969.

Mining enterprises create jobs and bring about commercial development by stimulating a broad range of manufacturing and service industries, and through large export sales, contribute substantially to our vital Balance of Payments position. That gold mining continues to contribute to the Canadian economy, as well as the local community, is illustrated by the summary of this Company's expenditures and location of purchases as set forth on the page immediately following.

The year under review was a most difficult one for all employees; therefore it is with considerable pleasure that I acknowledge at this time their co-operation. The efficient services rendered by the heads of departments and staff and loyal service of employees have been responsible for the orderly and effective conduct of operations at the property. I acknowledge also the support and assistance of the Chairman of the Board, the President and the Directors.

Respectfully submitted,

South Porcupine, Ontario,
February 23, 1970.

CHARLES P. GIRDWOOD,
General Manager.

Dome Mines Limited

Total amount of wages and salaries	\$4,948,790
Total supplies and services (excluding employee benefits)	2,823,530
Income taxes	55,000
Other taxes (Provincial and Municipal)	68,076
Workmen's Compensation Board of Ontario Assessments	500,639
Unemployment Insurance	52,343
Cost of Dome Pension Plan, Canada Pension Plan, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits	291,637

Principal Cities and Towns in Canada which Benefit

Agincourt	Galt	Niagara Falls	Savant Lake
Ajax	Gananoque	Nobel	Scarborough
Armdale	Grande Prairie	Noranda	Schumacher
Arnprior		North Bay	Senneterre
Bala	Hagersville	Orillia	Sherbrooke
Balmertown	Haileybury	Ottawa	Silver Falls
Barrie	Halifax	Owen Sound	Sioux Lookout
Bathurst	Hamilton		Smithers
Beachville	Hearst	Pamour	South Porcupine
Belleville	Hull	Peterborough	Staynerville
Beloeil		Pickering	Sudbury
Bissett	Iroquois Falls	Pine Falls	Sunnybrae
Burlington	Joliette	Pointe Claire	Swastika
Burnaby		Port Credit	
Calgary	Kamloops	Port Elgin	Thornbury
Chaput-Hughes	Kedgwick	Port Hope	Thunder Bay
Clarkson	Kenora		Tillsonburg
Cobalt	Kingston	Quebec	Timmins
Cooksville	Kirkland Lake	Red Bank	Toronto
Copper Cliff	Kitchener	Redditt	Val d'Or
Cornwall		Regina	Vancouver
Don Mills	Lac Du Bonnet	Rexdale	Vermilion Bay
Dorval	Lachine	Rouyn	Victoria
Downsview	Lachute	Roxboro	Ville d'Anjou
Dryden	LaSalle		Walkerville
Dundas	London	St. Catharines	Waterloo
Dunnville	Malartic	St. Hyacinthe	Watson Lake
Edmonton	Malton	St. Jean	Welland
Elliot Lake	Matheson	St. Johns	Westmount
Farnham	Mississauga	Saint Laurent	Weston
Fort Erie	Montreal	St. Peter's	Willowdale
Fredericton		St. Thomas	Winnipeg
	New Liskeard	Sarnia	Yellowknife
	Newmarket	Sault Ste. Marie	

Number of Communities, Companies and Individuals through whom Supplies and Services are Purchased

	Communities	Companies and Individuals
Alberta	3	5
British Columbia	5	10
Manitoba	4	7
New Brunswick	4	7
Nova Scotia	4	6
Ontario	77	452
Quebec	25	85
Saskatchewan	1	1
Yukon Territory	1	3
Northwest Territories	1	1
United States of America	8	9
Great Britain	2	2
	<u>135</u>	<u>588</u>

Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

REPORT OF THE PRESIDENT

Toronto, Ontario,
February 23, 1970.

To the Chairman of the Board and Directors of
Dome Mines Limited:

As approved at the Annual Meeting of Dome Mines Limited in April 1959, all new exploration ventures were to be shared with the subsidiary companies on the following basis:

Dome Mines Limited	60%
Campbell Red Lake Mines Limited	30%
Sigma Mines (Quebec) Limited	10%

Starting January 1, 1969, Dome Petroleum Limited was included in the joint ventures with respect to new projects on the following basis:

Dome Mines Limited	40%
Dome Petroleum Limited	33%
Campbell Red Lake Mines Limited	21%
Sigma Mines (Quebec) Limited	6%

The effect of this is to allow a substantially enlarged exploration program.

In the following report, where outside partners participate, the term "Dome Group", followed by a percentage figure, indicates the amount of participation of either the group of 3 or 4 companies of the Dome Group as listed above.

The year 1969 was an exceptionally active one for your Company.

The year's program included 17 major projects carried out by your Company as well as 7 participations in major joint ventures with others. The 17 company projects involved the staking of 798 new claims, and the optioning of 4 properties. Drilling was carried out on 7 separate projects.

Some of the highlights of the year included exploration programs on 3 separate airborne E.M. survey areas, approximately 9,660 line miles of airborne radiometric surveys, exploration of a newly-discovered uranium prospect and continued participation in the exploration of the property of Clinton Copper Mines Limited in the Eastern Townships of Quebec and the underground exploration of a copper prospect in Alaska. These and a number of other projects are described in more detail below.

MARITIME PROVINCES:

Your Group participated, with outside partners, in the Hansa Syndicate (Dome Group 18 $\frac{3}{4}$ %). This syndicate, which is in its third year of operation, continued to carry out geophysical and geochemical exploration on two mineral concessions in the Buchans area of Newfoundland. Originally, this program involved the investigation of indicated airborne anomalies. The program was modified to include geochemical surveys of specific areas. During 1969, a number of short holes were drilled on anomalies of various kinds but no mineralization of economic importance was discovered.

During 1969 your Group continued the exploration of a property in Cape Breton Island, Nova Scotia, which had been acquired late in 1967. Previous work had outlined areas of geochemical anomalies with associated induced polarization indications. During 1969, three holes, for a total footage of 887 feet, were drilled to test these. The anomalies were caused by disseminated sulphides with only traces of lead and zinc.

Your Group continued participation in a geochemical program (Dome Group 33 $\frac{1}{3}$ %) on a 37-claim group which was staked as a result of reconnaissance geochemical surveys carried out in 1968. Detailed soil sampling was completed and an anomalous area was delineated. Induced polarization surveys and bulldozing were carried out over the resulting geochemical anomaly and it was concluded that no further work was justified.

QUEBEC:

During 1969, your Group, with partners, (Dome Group 50%), continued ground exploration of an airborne geophysical project in northwestern Quebec. The 1969 phase of this program involved the drilling of 18 holes for a total of 5,540 feet on 15 different anomalies. The anomalies were found to be caused by uneconomic sulphide mineralization.

Your Group, with partners, (Dome Group 50%), continued exploration on a 15-claim optioned property in northwestern Quebec. A number of small copper showings and copper float occur on this property. Six drill holes investigated 4 anomalous areas, outlined the previous season, and disclosed only minor copper mineralization.

Your Group optioned a 14-claim property in Louvicourt Township during 1969. A Turam electromagnetic survey was carried out over 32.5 line miles. No geophysical anomalies of interest were found and the property was returned to the vendors.

During 1969, your Group optioned a 24-claim property in Bourlamaque Township. This property lies along the general trend of the Louvem, Manitou-Barvue, Rainville and East Sullivan zones. A program of detailed Turam and magnetometer surveys was completed in 1969. Results of this work are still being evaluated.

Late in 1969, your Group optioned an 11-claim property in the same area as the one just described. This property will be investigated in 1970.

Your Group participated with others (Dome Group 33 $\frac{1}{3}$ %) in the exploration of the property of Billiken Mines Limited in Louvicourt and Vauquelin Townships in northwestern Quebec. A Turam survey was completed and six anomalies were found. During 1969, six holes, totalling 3,625 feet, were drilled on these anomalies. No economic sulphide mineralization was found.

During 1969 exploration continued on the property of Clinton Copper Mines Limited (Dome Group approximately 39%). As a result of an extensive diamond drilling program, the indicated quantities of copper-zinc mineralization on the property were considerably increased. Drilling continues.

ONTARIO:

During 1969, your Group staked 4 blocks totalling 160 claims in the Uchi-Confederation Lake area of Ontario. During the latter part of the year an airborne geophysical survey was carried out over these groups. One group showed a number of anomalies. Approximately 65 miles of picket lines were cut on this property in order to carry out detailed ground geophysical follow-up early in 1970.

Early in the year, your Group started investigation of an airborne survey on a volcanic belt in northwestern Ontario, north of Sturgeon Lake. A total of 260 claims in 13 groups were staked to cover anomalous areas. Ground geophysical surveys disclosed 25 separate anomalies of which two had been investigated by drilling by year-end.

A program of exploration was carried out on behalf of Dome Mines Limited on a group of 7 patented claims owned by it in Shaw Township, Ontario. In addition to this, an adjoining group of 4 patented claims was optioned by Dome Mines Limited. Lines were cut preparatory to a geophysical survey which will be carried out in 1970.

Your Group carried out an extensive airborne radiometric survey in a belt considered favourable for uranium exploration in northwestern Ontario. This survey involved 6,188 line miles of airborne scintillometer surveys over an area of approximately 3,150 square miles. A great many anomalies were found, and during the field season, 62 were checked on the ground. Only one anomaly was found to be of immediate interest and a group of 8 claims was staked on it. After preliminary mapping, six holes, totalling 304 feet, were drilled to test the radioactive anomaly. Results were disappointing.

As well as the above-mentioned radiometric surveys, a number of smaller survey areas were also completed in various parts of northwestern Ontario. These surveys aggregated approximately 755 line miles. As a result of the surveys a number of anomalies were found, of which 13 were ground checked and found to be of no present interest.

During 1969, your Group carried out an airborne E.M. survey in an area of northwestern Ontario. This survey, amounting to 527 line miles, was carried out over an area believed to have been a centre of Precambrian rhyolite vulcanism. As a result of this survey, 23 anomalies were found and an immediate staking program was undertaken to acquire 6 groups totalling 157 claims.

During 1969, your Group maintained a prospecting party in northwestern Ontario. Some interesting alluvial gold was found but it was not possible to trace it to its source.

MANITOBA:

In the spring of 1969 your Group staked 243 claims in one large block in southeastern Manitoba, in order to carry out detailed uranium exploration in an area underlain by Precambrian arkose. Shortly after the staking was completed an airborne radiometric survey covering 194 line miles was carried out over the property. This survey indicated a broad, moderately radioactive zone on one part of the property. Throughout the 1969 field season detailed mapping and prospecting were carried out over the most radioactive portion of the property. This work disclosed the presence of many local radioactive zones, principally associated with fracturing. A preliminary drilling program involving five holes for an aggregate footage of 1,738 feet was carried out during the latter part of the field season. The most encouraging mineralization intersected during this drilling averaged 1.12 lbs./ton U_3O_8 over 14.7 feet. The type of occurrence is unusual and more exploration is warranted.

In Manitoba, airborne radiometric surveys were carried out over six other areas. This involved 1,350 line miles of surveys. A large number of anomalies were found, and of these, 13 were ground checked but were found to be of no immediate interest.

NORTHERN AND WESTERN CANADA:

Your Group carried out a program of contour airborne radiometric surveys over a 900-square mile area underlain by sedimentary rocks in the northern Cordillera. This survey resulted in the discovery of six anomalies. Ground checking indicated that none of these was of interest.

In the Northwest Territories, your Group carried out airborne radiometric surveys amounting to 1,185 line miles over several areas south of Great Bear Lake. Once again, many anomalies were found and of these, 34 were ground checked. None was of immediate interest.

Your Group participated with partners (Dome Group 33 $\frac{1}{3}$ %) in a regional geochemical program in the Canadian Cordillera. This program will continue in 1970.

ALASKA:

The programs carried out in Alaska, unlike most of the preceding ventures, were carried out by Dome Mines Limited and outside partners (without the participation of subsidiary and affiliated companies, as they were originally initiated before 1959). On the Denali copper prospect (Dome Mines Limited interest, approximately 41%) an adit and crosscuts were driven and a limited amount of underground diamond drilling was carried out. This drilling essentially confirmed the extension to depth of the various surface zones of copper mineralization. A further program of underground exploration will be continued in 1970.

Also in Alaska, Dome Mines Limited has a 33 $\frac{1}{3}$ % interest in a continuing program involving helicopter prospecting in selected areas of the State. During the 1969 field season numerous occurrences of mineralization were found but none of these has yet been proved to be of economic interest.

GENERAL:

During 1969, 133 routine exploration proposals were brought to the attention of your Group. Of this number, 8 were examined in the field.

Your Group participated in various prospecting ventures organized by individual prospectors in Quebec, Ontario and British Columbia.

Yours faithfully,

JAMES B. REDPATH,
President.

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

Report to Shareholders

For the Financial Year Ended December 31

1969

SIGMA MINES (QUEBEC) LIMITED

(No Personal Liability)

(Incorporated under the laws of Quebec)

HEAD OFFICE AND LOCATION OF MINE

Township of Bourlamaque, County of Abitibi, Province of Quebec
(Post Office: Val d'Or, Quebec, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company
320 Bay Street, Toronto 1, and 600 Dorchester Blvd. West, Montreal 101, Que.

DIRECTORS

Clifford W. Michel.....	New York, N.Y.
James B. Redpath.....	Toronto, Ont.
Bryce R. MacKenzie.....	Toronto, Ont.
Fraser M. Fell.....	Toronto, Ont.
Kenneth D. Watson.....	Pacific Palisades, Calif.
Charles P. Girdwood.....	South Porcupine, Ont.
John H. Hough.....	Toronto, Ont.

OFFICERS

Chairman of the Board.....	Clifford W. Michel
President.....	James B. Redpath
Secretary.....	Bryce R. MacKenzie
Assistant Secretary.....	Fraser M. Fell
General Manager.....	George E. Peacock
General Superintendent.....	Gordon Michaelson

AUDITORS

Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

COMPARATIVE SUMMARY

	<u>1969</u>	<u>1968</u>
Tonnage Milled	490,600	496,906
Ounces Gold Produced	84,936	82,614
Average Price of Gold per ounce	\$37.68	\$37.72
Value of Bullion	\$3,230,354	\$3,147,701
Operating Costs	\$3,811,241	\$3,634,401
Net Income	\$ 330,983	\$ 365,021
Net Income per share	\$0.33	\$0.36
Current Assets	\$2,403,074	\$2,583,574
Current Liabilities	\$ 406,534	\$ 481,020
Working Capital	\$1,996,540	\$2,102,554
Number of Shareholders — December 31	629	649
Dividends Declared	\$ 300,000	\$ 300,000
Dividends declared per share	\$0.30	\$0.30
Shares Issued	1,000,000	1,000,000

REPORT OF THE DIRECTORS

of

Sigma Mines (Quebec) Limited

(No Personal Liability)

(For the Financial Year Ended December 31, 1969)

Toronto, Ontario,
February 23, 1970.

To the Shareholders of
Sigma Mines (Quebec) Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company, and the Report of the General Manager, covering the financial year ended December 31, 1969.

The gross production for 1969 was 84,936 ounces of gold as compared with 82,614 ounces for 1968.

The operating profit before deducting depreciation, tax under the Quebec Mining Duties Act, outside exploration expenses and provision for income taxes was \$292,513. The non-operating revenue amounted to \$152,844. These combined gave a total of \$445,357. Depreciation amounted to \$104,840. Outside exploration expenses amounted to \$54,741 leaving profits of \$285,776 before Federal and Provincial taxes. After providing \$3,000 for Provincial mining tax and tax credits of \$48,207 relating to recovery of prior year's income taxes, net income was \$330,983 as compared with \$365,021 a year ago. Dividends totalling \$300,000 were declared during the year.

Ore reserves were 1,270,480 tons at the end of the year, a decrease of 23,080 tons from the preceding year.

Production for the year was sold to the Royal Canadian Mint at an average price of \$37.68 and on this production an additional \$10.28 per ounce was received under the Emergency Gold Mining Assistance Act. Thus, the return for the year, including Emergency Gold Mining Assistance benefits, was \$47.96 per ounce as compared with \$48.18 in 1968.

The total cost of operation increased by approximately 5% due to the higher cost of supplies and a general wage increase effective February 1, 1969.

Ore shoots disclosed by development on the six lower levels, served by No. 3 Shaft, continue to be disappointing as to length and grade.

Even if present Government efforts to slow the rate of inflation are successful, the past increases in the cost of labour and of supplies have risen to a point where the Sigma mine in common with the majority of Canadian Gold Producers, is entirely dependent for continued operation on the benefits derived from the Emergency Gold Mining Assistance Act. Present legislation extends the benefits of this Act until the end of 1970. With the Emergency Gold Mining Assistance Act renewed in its present form we would expect sharply diminishing operating revenues until such time as the price of gold is increased.

Panarctic Oils Ltd., which was organized in 1967 with initial capital of \$20 million continued its exploratory campaign in the Arctic Islands. Prompted by the year's results of the geological and geophysical surveys and exploratory drilling a decision was made to increase the capitalization of Panarctic to \$30 million and your Company has decided to maintain its proportion of this increased expenditure.

Providing income and a degree of diversification into another phase of the natural resources industry, your Company continued to hold \$1 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures bear interest at 5% if earned, mature in 1988, and are convertible during their life into capital stock of Dome Petroleum at \$84.746 Canadian per share. Unaudited financial statements for Dome Petroleum show a cash flow of \$12,800,000 and a net income of \$8,400,000 for the year under review.

Your Company continued to participate in joint exploration projects with Dome Mines Limited and Campbell Red Lake Mines Limited. Starting in 1969, our associated company, Dome Petroleum Limited was included in the joint venture and your Company's participation has been changed to 6% in the substantially increased exploration campaign. Exploratory projects started before January 1, 1969, which still continue and in which your Company participated to the extent of 10%, will not be affected by the new joint venture arrangement, details of which appear on page twelve of this report.

The Federal Government has proposed far-reaching changes in taxation in the interests of tax reform. While many of the proposed changes are very complex and the ultimate results subject to some doubt, nevertheless it now appears that their implementation would lower present mining company earnings substantially and make the finding and bringing to production of new properties more difficult and less rewarding.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"The year 1969 was the first full year of operations of the 'two tier' gold price system. From a peak of \$43.82½ U.S. per ounce in March, the price of gold in the free market declined to the official price of \$35 U.S. per ounce. This drop reflects the liquidation by private holders of the large amounts of gold that they had acquired from Central Bank Reserves, largely those of the United States, during the gold crisis of 1968. It has been estimated that as much as \$2.5 billion flowed out of official reserves in the year, and that this private 'overhang' has now been reduced to less than \$1 billion. With South Africa again permitted to sell a portion of its new production to the International Monetary Fund at the official price and thus not pressed on to the free market, a case can be made for a gradual upward trend in the price. Clearly, the Central Banks of Continental Europe have a stake in the \$35 U.S. official floor price for gold. During the long period that the United States has been running a Balance of Payments deficit and permitting its gold reserves to decline from \$24 billion to \$10 billion, the European Central Banks increased their gold reserves from \$5 billion to \$20 billion, which is 50% of the world's monetary stock and, in aggregate, twice that of the United States holdings. It is unlikely that these Banks will accept only a dollar standard or the newly created 'Special Drawing Rights' on the International Monetary Fund as the basis for international reserves, until they are convinced that the United States is willing to subject itself to the same Balance of Payments discipline that all other countries must accept."

Your Directors record their appreciation of the planning and supervision of the management and staff and for the continued loyal and co-operative services of all employees.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

SIGMA MINES (Q

(No Personal
(Incorporated under

BALANCE SHEET

(with comparative figures)

ASSETS		1969	1968
Current Assets:			
Cash, including bank term deposits	\$	101,735	\$ 281,311
Bullion on hand and in transit, at net realizable value		219,868	196,175
Short term commercial paper, at cost		300,000	199,401
Government and government guaranteed bonds, at cost (quoted market value 1969 — \$796,000; 1968 — \$1,005,000)		898,600	1,083,700
Accounts receivable (including accrued interest, taxes recoverable and estimated amount receivable under the Emergency Gold Mining Assistance Act)		358,814	350,452
Mining and milling supplies, at cost		493,184	461,558
Prepaid expenses		30,873	10,977
		<u>2,403,074</u>	<u>2,583,574</u>
Investments:			
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988		1,000,000	1,000,000
Shares of other mining companies, at cost less amounts written off		1	1
		<u>1,000,001</u>	<u>1,000,001</u>
Capital Assets:			
Buildings, machinery and equipment, at cost		4,511,512	4,383,153
Less accumulated depreciation		4,076,976	4,057,614
		<u>434,536</u>	<u>325,539</u>
Mining claims and properties, at nominal value		1	1
Leasehold properties, at cost		21,500	21,500
		<u>456,037</u>	<u>347,040</u>
		<u>\$3,859,112</u>	<u>\$3,930,615</u>

(See accompanying notes)

AUDITOR

To the Shareholders of
Sigma Mines (Quebec) Limited:

We have examined the balance sheet of Sigma Mines (Quebec) Limited as at December 31, 1969 and the related statements of income, earned surplus and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

QUEBEC) LIMITED

(ability)
e laws of Quebec)

DECEMBER 31, 1969

(December 31, 1968)

LIABILITIES

	1969	1968
Current Liabilities:		
Salaries and wages payable	\$ 113,457	\$ 149,430
Accounts payable	130,925	150,232
Accrued charges	12,152	30,443
Accrued taxes		915
Dividends payable	150,000	150,000
	<u>406,534</u>	<u>481,020</u>
Deferred Income Taxes		<u>28,000</u>
Capital and Surplus:		
Capital authorized and issued —		
1,000,000 shares of \$1 par value	1,000,000	1,000,000
Earned surplus	2,452,578	2,421,595
	<u>3,452,578</u>	<u>3,421,595</u>
 On behalf of the Board:		
 J. B. REDPATH, Director.		
 B. R. MacKENZIE, Director.		
	<u>\$3,859,112</u>	<u>\$3,930,615</u>

(financial statements)

PORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of Sigma Mines (Quebec) Limited as at December 31, 1969, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 29, 1970.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	1969	1968
Revenue:		
Bullion	\$3,230,354	\$3,147,701
Expenditures:		
Development	630,976	642,874
Mining	2,313,091	2,132,943
Reduction	564,773	575,894
Refining and marketing	16,243	17,870
General and administrative	249,145	228,642
Taxes other than income	37,013	36,178
	3,811,241	3,634,401
Less credit under the Emergency Gold Mining Assistance Act	873,400	864,000
	2,937,841	2,770,401
	292,513	377,300
Deduct:		
Provision for depreciation (note 2)	104,840	114,472
Provision for tax under the Quebec Mining Duties Act	3,000	11,200
	107,840	125,672
Operating profit	184,673	251,628
Add:		
Interest on Dome Petroleum Limited income debentures	50,000	31,250
Other interest etc.	102,844	115,405
	337,517	398,283
Deduct outside exploration expenses	54,741	42,012
Income before income taxes	282,776	356,271
Income taxes recoverable:		
Current	20,207	3,750
Deferred	28,000	5,000
	48,207	8,750
Net income for the year	\$ 330,983	\$ 365,021
Net income per share	\$ 0.33	\$ 0.36

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	1969	1968
Balance, January 1	\$2,421,595	\$2,356,574
Add net income for the year	330,983	365,021
	2,752,578	2,721,595
Deduct dividends declared — 30¢ per share	300,000	300,000
Balance, December 31	\$2,452,578	\$2,421,595

(See accompanying notes to financial statements)

Sigma Mines (Quebec) Limited

(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	1969	1968
Source of funds:		
Operations —		
Net income for the year	\$ 330,983	\$ 365,021
Depreciation	104,840	114,472
Decrease in deferred income taxes	(28,000)	(5,000)
Total	407,823	474,493
Application of funds:		
Dividends	300,000	300,000
Expenditures on capital assets (net)	213,837	95,791
Investment in debentures of Dome Petroleum Limited		1,000,000
Total	513,837	1,395,791
Net decrease in working capital for year	106,014	921,298
Working capital, January 1	2,102,554	3,023,852
Working capital, December 31	\$1,996,540	\$2,102,554

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1969

1. Account reclassification

Mining and milling supplies, deposits and prepaid expenses and special 5% refundable tax which were classified as "other assets" in previous years have been grouped with "current assets" in 1969, and the 1968 figures submitted for comparison have been adjusted accordingly.

2. Depreciation

Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1969 is submitted for your consideration.

During the year 523,746 tons of rock were hoisted, of which 490,600 tons were ore which was treated in the mill and 33,146 tons were waste.

The 490,600 tons of ore milled yielded bullion containing 84,936 ounces of gold, the average yield being 0.1731 ounces or 3.46 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at current exchange rates. The average price received for gold was \$37.68 per ounce compared with \$37.72 per ounce for the previous year.

SIGMA MINES (QUEBEC) LIMITED

(NO PERSONAL LIABILITY)

MINING:

Broken ore totalling 309,980 tons remains in the stopes and in drifts as a result of stope preparation, an increase of 420 tons from the previous year.

In all 456,138 tons of a grade of 3.77 dwt. were drawn from the stopes and were sent to the mill. This represents a decrease of 5,645 tons from the previous year.

Waste rock produced amounted to 43,785 tons of which 10,639 tons were dumped directly into empty stopes, and 33,146 tons were hoisted to surface. Waste backfill returned through raises from surface amounted to 12,527 tons and 121,571 tons of hydraulic backfill were piped underground.

The main stoping operations were between the 30th level and the 10th level; 27.2 per cent of production came from cut-and-fill stopes.

DEVELOPMENT:

A total of 17,876 feet of development work was done during the year. This work was distributed between the 12th and 36th levels.

The extension of the ventilation raise down to the 36th or bottom level, was completed.

During the year, development work on the six lower levels served by No. 3 Shaft disclosed minor amounts of ore.

Diamond Drilling totalling 56,571 feet was done underground in search of new ore and as a guide to mining.

The following table shows the details of development and diamond drilling completed during the year:

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1969

Level	Drifts	Crosscuts	Raises	Slash	Total	Diamond Drilling
10th .....	....	...	...	...	....	3,639
12th	1,045	243	296	130	1,714	3,713
13th	795	...	159	26	980	2,347
14th .....	....	...	...	...	....	2,974
15th	345	...	...	37	382	....
16th	224	...	148	33	405	....
17th	181	...	78	28	287	....
18th	1,972	...	379	189	2,540	3,663
19th	194	...	189	17	400	2,990
20th	940	13	184	79	1,216	5,730
21st .....	....	...	179	16	195	2,761
22nd .....	....	...	185	10	195	....
23rd	82	...	133	14	229	7,057
24th	79	108	298	30	515	....
26th	222	...	186	34	442	....
29th .....	....	...	...	...	....	931
31st	479	...	236	64	779	3,904
32nd .....	....	...	382	204	586	7,480
33rd	860	36	370	153	1,419	3,924
34th	867	...	379	225	1,471	841
35th	1,678	...	442	335	2,455	743
36th	1,298	...	251	117	1,666	3,874
Totals	11,261	400	4,474	1,741	17,876	56,571

ORE PRODUCTION:

The mine produced 490,600 tons of ore during the year which averaged 3.67 dwt. The stopes produced 456,138 tons averaging 3.77 dwt. and the development work produced 34,462 tons averaging 2.37 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,270,480 tons, a decrease of 23,080 tons from last year. The reserves include 309,980 tons of broken ore.

A summary of the distribution of ore in place, broken ore and total ore mined to the end of 1969 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore In Place	Average Grade (Dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1969
Surface to 1st Level.....	5,000	8.11	....	30,918
1st Level to 2nd Level.....	....	....	....	493,191
2nd Level to 3rd Level.....	....	....	....	1,021,610
3rd Level to 4th Level.....	....	....	....	963,214
4th Level to 5th Level.....	....	....	....	813,543
5th Level to 6th Level.....	....	....	....	790,696
6th Level to 7th Level.....	....	....	....	737,190
7th Level to 8th Level.....	2,000	4.38	....	835,740
8th Level to 9th Level.....	....	....	14,950	715,568
9th Level to 10th Level.....	16,700	4.05	....	471,303
10th Level to 11th Level.....	15,000	4.31	8,000	431,060
11th Level to 12th Level.....	10,600	3.55	54,950	610,706
12th Level to 13th Level.....	19,700	4.31	52,500	401,900
13th Level to 14th Level.....	70,100	5.10	22,100	221,803
14th Level to 15th Level.....	54,100	5.47	6,310	278,831
15th Level to 16th Level.....	3,600	3.78	15,010	576,091
16th Level to 17th Level.....	17,500	3.93	17,580	521,155
17th Level to 18th Level.....	126,300	4.63	50,480	347,350
18th Level to 19th Level.....	62,000	4.06	24,820	161,921
19th Level to 20th Level.....	14,700	3.97	23,330	179,864
20th Level to 21st Level.....	55,800	4.43	180	13,800
21st Level to 22nd Level.....	53,200	4.82	15,300	144,131
22nd Level to 23rd Level.....	60,800	4.45	2,270	241,036
23rd Level to 24th Level.....	25,200	3.83	600	246,020
24th Level to 25th Level.....	29,300	4.65	210	5,855
25th Level to 26th Level.....	23,900	4.04	320	15,621
26th Level to 27th Level.....	42,900	4.03	290	4,901
27th Level to 28th Level.....	35,200	4.36	....	15,939
28th Level to 29th Level.....	50,300	4.60	120	2,339
29th Level to 30th Level.....	17,900	4.47	220	24,648
30th Level to 31st Level.....	20,600	4.59	....	....
31st Level to 32nd Level.....	12,600	4.55	....	....
32nd Level to 33rd Level.....	24,900	3.95	80	1,212
33rd Level to 34th Level.....	19,600	4.69	....	6,163
34th Level to 35th Level.....	20,900	4.87	160	....
35th Level to 36th Level.....	50,100	4.10	200	1,124
	960,500	4.50	309,980	11,326,443

MILL:

The following are the results of milling operations for the year 1969:

Average daily tons milled	1,344
Tons of ore treated	490,600
Average grade of ore treated	3.67 dwt. per ton
Recovery	3.46 dwt. per ton
Recovery percentage	94.37%

COSTS:

The expenditure on mining was \$2,313,091 or \$4.72 per ton milled.

The expenditure on development was \$630,976 or \$1.29 per ton milled.

The operating costs including Mint handling charges were \$7.77 per ton milled, as compared with \$7.31 for the previous year.

CAPITAL EXPENDITURES:

Net capital expenditures for the year totalled \$213,837. The main expenditures were for a 2200 volt auxiliary power cable for underground; a new 5½ ft. Symons crusher and spare parts and stand-by equipment for the mill; atomic absorption installation in the assay office; a new truck and a new lathe for surface.

The details of changes in the plant and equipment are as follows:

Additions:

Mine equipment	\$ 30,244
Reduction equipment	156,704
Surface equipment	47,116
	<hr/>
	\$ 234,064
Less net book value of retirements	20,227
	<hr/>
Net increase	<u>\$ 213,837</u>

GAMMA MINES (QUEBEC) LIMITED:

This property was optioned to Sigma in December, 1939. The option is still in force but there was no work done during the year.

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 10% interest in those projects which originated before January 1, 1969 and a 6% interest in the substantially increased exploration campaign which started on January 1, 1969:

Maritime Provinces:

A participation in the Hansa Syndicate which continued to carry out exploration on two mineral concessions in central Newfoundland. During 1969 a number of short holes were drilled on anomalies of various kinds, but no mineralization of economic importance was discovered.

A participation in the exploration of a property in Cape Breton Island, Nova Scotia. Three holes were drilled to test certain areas of interest. Only disseminated uneconomic sulphides were found.

A participation in a geochemical program on a 37-claim property staked during 1967 in northern New Brunswick. Soil sampling, induced polarization and bulldozing indicated that no further work was justified.

Quebec:

A participation in the drilling follow-up of an airborne geophysical program in which 17 holes were drilled on 15 different anomalies. The anomalies were found to be caused by uneconomic sulphide mineralization.

A participation in the continued exploration of a 15-claim optioned property in northwestern Quebec. During 1969, drilling was carried out on four induced polarization anomalies. Six holes were drilled and disclosed only minor copper mineralization.

A participation in the exploration of a 14-claim property in Louvicourt Township, Quebec. A Turam survey was carried out over 32.5 line miles. No geophysical anomalies of interest were found and the property was returned to the vendors.

A participation in the exploration of an optioned 24-claim property in Bourlamaque Township. This property, which lies along the general trend of the Louvem, Manitou-Barvue, Rainville and East Sullivan zones was covered by Turam and magnetometer surveys and results are still being evaluated.

A participation in an option on an 11-claim property in the same general area as the foregoing. Lines have been cut on this property in preparation for a geophysical survey early in 1970.

A participation in the exploration of the property of Billiken Mines Limited in Louvicourt and Vauquelin Townships in northwestern Quebec. A Turam survey was completed and six holes were drilled on the anomalies. No economic sulphide mineralization was found.

During 1969 exploration continued on the property of Clinton Copper Mines Limited. As a result of an extensive diamond drilling program, the indicated quantities of copper-zinc mineralization on the property were considerably increased. Drilling continues.

Ontario:

A participation in the exploration of 4 groups, totalling 160 claims, in the Uchi-Confederation Lake area of Ontario. An airborne E.M. survey was carried out over these properties and on one of them a number of geophysical anomalies were found. Ground geophysical follow-up will be carried out in 1970.

A participation in the follow-up exploration of an airborne E.M. survey on a volcanic belt in northwestern Ontario. Thirteen groups, totalling 260 claims, were staked to cover selected anomalies. Detailed ground geophysical surveys were completed on 25 separate anomalies. Diamond drilling was started in December and, by year-end, two holes had been drilled on two separate conductors. The anomalies drilled were found to be due to uneconomic sulphide mineralization.

A participation in an extensive regional airborne radiometric survey in northwestern Ontario. This survey involved 6,188 line miles covering an area of approximately 3,150 square miles. Of the many anomalies found, 62 were checked during the field season. Of this number, one was found to be of immediate interest and was staked. A minor program of drilling was completed on this property but results were disappointing.

A participation in airborne radiometric surveys of other selected areas in northwestern Ontario. These surveys covered 755 line miles. To date, 13 anomalies were ground checked but found to be of no present interest.

A participation in an airborne E.M. survey in an area of northwestern Ontario. This survey, amounting to 527 line miles, was carried out over an area believed to have been a centre of Precambrian rhyolite volcanism. As a result of this survey, 23 anomalies were found, and an immediate staking program was carried out to acquire six groups totalling 157 claims.

A participation in a prospecting program in northwestern Ontario.

Manitoba:

A participation in the exploration of a block of 243 claims in southeastern Manitoba which was acquired in the spring of 1969. Initially, an airborne radiometric survey was performed in order to outline the most radioactive portions of the property. Detailed mapping and prospecting were carried out over the broad moderately radioactive area defined by the airborne survey. This work resulted in the discovery of a number of local zones of radioactivity. A preliminary drilling program involving 5 holes for an aggregate footage of 1,738 feet, was carried out during the latter part of the field season. The most encouraging mineralization found during the drilling program averaged 1.12 lbs./ton U_3O_8 over 14.7 feet. The type of occurrence is unusual and more exploration is warranted.

A participation in airborne radiometric surveys on six areas in Manitoba, totalling 1,350 line miles. Of the large number of anomalies found, 13 were ground checked and found to be of no immediate interest.

Northern and Western Canada:

A participation in airborne radiometric surveys over a 900-square mile area of continental sedimentary rocks in the northern Cordillera. Ground checking of the six anomalies thus found indicated that none was of interest.

A participation in airborne radiometric surveys in the Northwest Territories. This program involved 1,185 line miles of surveys in several areas south of Great Bear Lake. Of the many anomalies found, 34 were ground checked but were found to be of no immediate interest.

A participation in a regional geochemical reconnaissance program in the Canadian Cordillera. This program will continue in 1970.

General:

Your Company participated in various prospecting ventures organized by individual prospectors.

GENERAL:

Operating costs continue to rise reflecting the increased cost of labour and supplies.

Broken ore reserves were maintained and production was up slightly despite a modest reduction in tonnage milled.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries and distribution of taxes.

In conclusion, my sincere thanks and appreciation are extended to Mr. Gordon Michaelson, General Superintendent, to the heads of the various departments and to all members of the operating staff for their efficiency and loyalty.

Yours faithfully,

GEORGE E. PEACOCK,
General Manager.

Val d'Or, Quebec,
February 18, 1970.

Sigma Mines (Quebec) Limited

(No Personal Liability)

Total supplies and services	\$1,712,047
Total amount of wages and salaries	2,457,091
Provincial and Municipal taxes	40,013

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Ajax	Lakefield	Rouyn
Arnprior	La Salle	Sault Ste. Marie
Bala	London	Scarborough
Beloeil	Malartic	Sorel
Burlington	Maniwaki	South Porcupine
Cap-de-la-Madeleine	Montreal	St. George
Clarkson	New Liskeard	St. Catharines
Don Mills	Noranda	Sudbury
Dorval	North Bay	Swastika
Elliot Lake	Orillia	Thornbury
Fort Erie	Oshawa	Thunder Bay
Galt	Ottawa	Timmins
Haileybury	Port Hope	Toronto
Hamilton	Quebec	Val d'Or
Kirkland Lake	Rexdale	Welland

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
Quebec	15	160
Ontario	50	144
United States of America	3	3
	<u>68</u>	<u>307</u>

CAMPBELL RED LAKE MINES LIMITED

Report to Shareholders

For the Financial Year Ended December 31

1969

CAMPBELL RED LAKE MINES LIMITED

(Incorporated under the laws of Ontario)

LOCATION OF MINE

Township of Balmer, Red Lake Mining Division, Province of Ontario
(Post Office: Balmertown, Ontario, Canada)

ADDRESS OF THE CHAIRMAN OF THE BOARD

42 Wall Street, New York, N.Y. 10005.

HEAD OFFICE AND ADDRESS OF THE PRESIDENT

360 Bay Street, Suite 702, Toronto 1, Ont.

ADDRESS OF THE SECRETARY

Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

REGISTRARS

Canada Permanent Trust Company
320 Bay Street, Toronto 1, Ont.
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015.

TRANSFER AGENTS

The Sterling Trusts Corporation, 372 Bay Street, Toronto 1, Ont.
The Bank of New York, 20 Broad Street, New York, N.Y. 10005.

DIRECTORS

Clifford W. Michel.....	New York, N.Y.
William F. James.....	Toronto, Ont.
John K. McCausland.....	Toronto, Ont.
James B. Redpath.....	Toronto, Ont.
Bryce R. MacKenzie.....	Toronto, Ont.

OFFICERS

Chairman of the Board.....	Clifford W. Michel
President.....	James B. Redpath
Secretary.....	Bryce R. MacKenzie
Assistant Secretary	F. M. Fell
Treasurer.....	E. J. Andrecheck
General Manager.....	J. Chisholm
General Superintendent.....	S. M. Reid

AUDITORS

Clarkson, Gordon & Co., Toronto 1, Ont.

GENERAL COUNSEL

Fasken & Calvin
Box 30, Toronto-Dominion Centre, Toronto 1, Ont.

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the proxy statement will accompany the Notice of Annual Meeting which is being mailed to all shareholders.

COMPARATIVE SUMMARY

	<u>1969</u>	<u>1968</u>
Tonnage Milled	261,609	261,768
Ounces Gold Produced	176,517	183,127
Average Price of Gold per ounce	\$43.45	\$43.51
Value of Bullion	\$7,738,593	\$7,980,204
Operating Costs	\$3,039,397	\$2,974,049
Net Income	\$2,899,927	\$3,184,407
Net Income per share	\$0.73	\$0.80
Current Assets	\$8,798,324	\$8,078,048
Current Liabilities	\$1,638,933	\$1,810,009
Working Capital	\$7,159,391	\$6,268,039
Number of Shareholders — December 31	5,368	5,007
Dividends Declared	\$1,999,750	\$1,999,750
Dividends declared per share	\$0.50	\$0.50
Shares Issued	3,999,500	3,999,500

REPORT OF THE DIRECTORS

of

Campbell Red Lake Mines Limited

(For the Financial Year Ended December 31, 1969)

Toronto, Ontario,
February 23, 1970.

To the Shareholders of
Campbell Red Lake Mines Limited:

Your Directors herewith submit the Company's Balance Sheet and Statements of Income and Earned Surplus together with a Statement of Source and Application of Funds, all certified by the Auditors of the Company and the Report of the General Manager, covering the financial year ended December 31, 1969.

The gross production for 1969 was 176,517 ounces of gold, as compared to 183,127 ounces for 1968.

The operating profit before deducting depreciation, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income was \$4,699,196. The non-operating revenue was \$539,013. These combined gave a total of \$5,238,209. Depreciation charges, tax under The Mining Tax Act, outside exploration expenses and provision for taxes on income amounted to \$2,338,282 leaving net income of \$2,899,927 as compared to \$3,184,407 a year ago.

Regular quarterly dividends were maintained at 11¼¢ per share, and after considering the profits, your Directors authorized an extra dividend of 5¢ per share. Therefore, the total dividends declared amounted to \$1,999,750 or 50¢ per share.

The tonnage milled during 1969 totalled 261,609 tons which represents an average milling rate of 717 tons per day. The yield per ton was 13.50 dwt. as compared with 13.99 dwt. in 1968.

With a substantially unchanged average realized price for gold on the open market, net income was unfavourably affected by increased operating cost, increased tax rates under the Ontario Mining Tax Act, increased outside exploration and a marginally lower grade of ore.

Ore reserves showed an increase to 1,331,100 tons, with the ore in place showing a grade of 13.85 dwt. Development results continued to be satisfactory and are covered in detail in the General Manager's Report.

No benefits were received under the Emergency Gold Mining Assistance Act as the cost per ounce of gold produced was lower than the amount required to qualify under the Act. As your Company was not eligible for such benefits, gold was sold on markets other than the Royal Canadian Mint. The average price received on all production was \$43.45 Canadian per ounce.

Taxes under the Federal Income Tax Act of \$1,100,000, the Provincial Corporations Tax Act of \$325,000 and the Ontario Mining Tax Act of \$587,000 total \$2,012,000. It is cause for concern that taxes under the Ontario Mining Tax Act increased by \$177,000 or 43% while net income decreased by 9%.

Your Company continued to participate in joint exploration projects with Dome Mines Limited and Sigma Mines (Quebec) Limited. Starting in 1969, our affiliate company, Dome Petroleum Limited was included in the joint venture and your Company's participation has been changed to 21% in the substantially increased exploration campaign. Exploratory projects started before January 1, 1969, which still continue and in which your Company participated to the extent of 30%, will not be affected by the new joint venture arrangement, details of which appear on page thirteen of this report.

Panarctic Oils Ltd., which was organized in 1967 with initial capital of \$20 million, continued its exploratory campaign in the Arctic Islands. Prompted by the year's results of the geological and geophysical surveys and exploratory drilling, a decision was made to increase the capitalization of Panarctic to \$30 million and your Company has decided to maintain its proportion of this increased expenditure.

Providing income and a degree of diversification into another phase of the natural resources industry, your Company continued to hold \$2 million of Subordinated Income Debentures of Dome Petroleum Limited. These debentures bear interest at 5% if earned, mature in 1988, and are convertible during their life into capital stock of Dome Petroleum at \$84.746 Canadian per share. Unaudited financial statements for Dome Petroleum show a cash flow of \$12,800,000 and a net income of \$8,400,000 for the year under review.

Inflation continued to accelerate during the year and it was due to shortage of labour and the consequent involuntary curtailment of development that operating costs showed an increase of only 2%. In the longer term the preservation of net income must depend on either an increase in the price of gold or an unqualified success in the current efforts of Federal and Provincial governments to end the present inflationary cycle.

The Federal Government has proposed far-reaching changes in taxation in the interests of tax reform. While many of the proposed changes are very complex and the ultimate results subject to some doubt, nevertheless it now appears that their implementation would lower present mining company earnings substantially and make the finding and bringing to production of new properties more difficult and less rewarding.

With regard to our product, gold, the following paragraph is quoted from the annual report of the parent company, Dome Mines Limited:

"The year 1969 was the first full year of operations of the 'two tier' gold price system. From a peak of \$43.82½ U.S. per ounce in March, the price of gold in the free market declined to the official price of \$35 U.S. per ounce. This drop reflects the liquidation by private holders of the large amounts of gold that they had acquired from Central Bank Reserves, largely those of the United States, during the gold crisis of 1968. It has been estimated that as much as \$2.5 billion flowed out of official reserves in the year, and that this private 'overhang' has now been reduced to less than \$1 billion. With South Africa again permitted to sell a portion of its new production to the International Monetary Fund at the official price and thus not pressed on to the free market, a case can be made for a gradual upward trend in the price. Clearly, the Central Banks of Continental Europe have a stake in the \$35 U.S. official floor price for gold. During the long period that the United States has been running a Balance of Payments deficit and permitting its gold reserves to decline from \$24 billion to \$10 billion, the European Central Banks increased their gold reserves from \$5 billion to \$20 billion, which is 50% of the world's monetary stock and, in aggregate, twice that of the United States holdings. It is unlikely that these Banks will accept only a dollar standard or the newly created 'Special Drawing Rights' on the International Monetary Fund as the basis for international reserves, until they are convinced that the United States is willing to subject itself to the same Balance of Payments discipline that all other countries must accept."

Your Directors wish to take this opportunity to acknowledge and thank the management and staff for their effective planning and supervision and also their appreciation of the loyal service rendered by all employees.

Respectfully submitted,

On behalf of the Board,

CLIFFORD W. MICHEL,
Chairman.

JAMES B. REDPATH,
President.

CAMPBELL RED LAKE

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

(with comparative figures for 1968)

ASSETS

	1969	1968
Current Assets:		
Cash, including bank term deposits	\$ 651,171	\$ 866,778
Bullion on hand and in transit, at net realizable value	736,507	1,542,558
Short term commercial paper, at cost	3,601,208	2,380,798
Marketable securities, at cost, (schedule attached)	3,032,166	2,531,066
Accounts receivable (including accrued interest and special 5% refundable tax)	200,313	204,747
Mining and milling supplies, at cost	559,330	546,018
Deposits and prepaid expenses	17,629	6,083
	<u>8,798,324</u>	<u>8,078,048</u>
Investments (schedule attached):		
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	2,000,000	2,000,000
Other	212,256	248,635
	<u>2,212,256</u>	<u>2,248,635</u>
Capital Assets:		
Buildings, machinery and equipment, at cost	6,804,381	6,613,979
Less accumulated depreciation	6,192,846	6,047,648
	<u>611,535</u>	<u>566,331</u>
Mining claims and properties — acquired for 1,277,500 shares issued at ... (no deduction has been made for ores mined)	197,500	197,500
Townsite land, at cost	108,613	108,613
	<u>917,648</u>	<u>872,444</u>
	<u>\$11,928,228</u>	<u>\$11,199,127</u>

(See accompanying notes)

AUDITORS

To the Shareholders of
Campbell Red Lake Mines Limited:

We have examined the balance sheet of Campbell Red Lake Mines Limited as at December 31, 1969 and the related statements of income, earned surplus and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

CAMPBELL RED LAKE MINES LIMITED

(In accordance with the laws of Ontario)

DECEMBER 31, 1969

(For the year ended December 31, 1968)

LIABILITIES

	1969	1968
Current Liabilities:		
Salaries and wages payable	\$ 86,187	\$ 75,898
Accounts payable	139,260	146,075
Accrued charges	64,465	72,180
Accrued taxes	699,102	865,937
Dividends payable	649,919	649,919
	<u>1,638,933</u>	<u>1,810,009</u>
Deferred Income Taxes	60,000	60,000
Capital and Surplus:		
Capital —		
Authorized:		
4,000,000 shares of \$1 each		
Issued:		
3,999,500 shares	3,999,500	3,999,500
Discount (net) on shares issued	2,378,905	2,378,905
	<u>1,620,595</u>	<u>1,620,595</u>
Earned surplus	8,608,700	7,708,523
	<u>10,229,295</u>	<u>9,329,118</u>
 On behalf of the Board:		
J. B. REDPATH, Director.		
B. R. MacKENZIE, Director.		
	<u>\$11,928,228</u>	<u>\$11,199,127</u>

(These are the financial statements)

REPORT

In our opinion these financial statements present fairly the financial position of Campbell Red Lake Mines Limited as at December 31, 1969, the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 29, 1970.

CLARKSON, GORDON & CO.,
Chartered Accountants.

Campbell Red Lake Mines Limited

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	1969	1968
Revenue:		
Bullion	\$7,738,593	\$7,980,204
Expenditures:		
Development	550,802	565,953
Mining	1,272,188	1,183,626
Reduction	748,390	743,929
Refining and marketing	68,396	77,032
General and administrative	364,635	371,511
Taxes other than income	34,986	31,998
	3,039,397	2,974,049
	4,699,196	5,006,155
Deduct:		
Provision for depreciation (note 3)	154,592	144,166
Provision for tax under The Mining Tax Act	587,000	410,000
	741,592	554,166
Operating profit	3,957,604	4,451,989
Add:		
Interest on Dome Petroleum Limited income debentures	100,000	62,500
Other interest, etc.	439,013	384,850
	4,496,617	4,899,339
Deduct outside exploration expenses	171,690	122,932
Income before provision for income taxes	4,324,927	4,776,407
Provision for income taxes (including deferred income taxes 1969 — nil; 1968 — \$7,000)		
Federal	1,100,000	1,235,000
Provincial	325,000	357,000
	1,425,000	1,592,000
Net income for the year	\$2,899,927	\$3,184,407
Net income per share	\$ 0.73	\$ 0.80

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	1969	1968
Balance, January 1	\$ 7,708,523	\$ 6,523,866
Add net income for the year	2,899,927	3,184,407
	10,608,450	9,708,273
Deduct dividends declared of 50¢ per share comprising four quarterly dividends of 11¼¢ each and an extra dividend of 5¢	1,999,750	1,999,750
Balance, December 31	\$ 8,608,700	\$ 7,708,523

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1969 (with comparative figures for the year 1968)

	1969	1968
Source of Funds:		
Operations —		
Net income for the year	\$ 2,899,927	\$ 3,184,407
Depreciation	154,592	144,166
Increase in deferred income taxes		7,000
Total from operations	3,054,519	3,335,573
Decrease in other investments	36,379	33,056
Total	3,090,898	3,368,629
Application of Funds:		
Dividends	1,999,750	1,999,750
Expenditures on capital assets (net)	199,796	149,978
Investment in debentures of Dome Petroleum Limited		2,000,000
Total	2,199,546	4,149,728
Net increase (decrease) in working capital for year	891,352	(781,099)
Working capital, January 1	6,268,039	7,049,138
Working capital, December 31	\$ 7,159,391	\$ 6,268,039

(See accompanying notes to financial statements)

Campbell Red Lake Mines Limited

SCHEDULE OF MARKETABLE SECURITIES AND INVESTMENTS

DECEMBER 31, 1969

(with comparative figures at December 31, 1968)

	Par value	Book value (note 2)	
		1969	1968
Marketable Securities:			
Government and government guaranteed short term securities (\$2,500,000 par value in 1968)	\$2,541,500	\$2,534,416	\$2,531,066
Corporate bonds	500,000	497,750	
		<u>\$3,032,166</u>	<u>\$2,531,066</u>
(Quoted market values of above "Marketable Securities": 1969 — \$3,015,000; 1968 — \$2,501,000)			
Investments:			
Dome Petroleum Limited, 5% subordinated convertible income debentures, due May 15, 1988	2,000,000	\$2,000,000	\$2,000,000
Other			
Local school and municipal debentures, at cost (\$34,000 par value in 1968)	28,500	28,361	33,798
Sundry		183,895	214,837
		<u>212,256</u>	<u>248,635</u>
		<u>\$2,212,256</u>	<u>\$2,248,635</u>
(Quoted market values of above "Investments" including debentures at their respective par or book values: 1969 — \$2,249,000; 1968 — \$2,290,000)			
(See accompanying notes to financial statements)			

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

- Emergency Gold Mining Assistance**
The company received no credits during the year under the Emergency Gold Mining Assistance Act.
- Investments**
Marketable Securities and other investments are carried at cost except for certain shares in other mining companies which are carried at cost less amounts written off.
- Depreciation**
Depreciation on buildings, machinery and equipment has been provided as in prior years at the rate of 15% per annum on the straight-line method.
- Remuneration of directors**
The total remuneration paid in respect of 1969 by the company to its directors and senior officers (defined by The Ontario Corporations Act to include the five highest paid employees) amounted to \$94,871.
- Account reclassification**
Mining and milling supplies, deposits and prepaid expenses and special 5% refundable tax which were classified as "other assets" in previous years have been grouped with "current assets" in 1969, and the 1968 figures submitted for comparison have been adjusted accordingly.

Campbell Red Lake Mines Limited

REPORT OF THE GENERAL MANAGER

To the Chairman of the Board, President and Directors:

The following report covering the operations of your Company during the year 1969 is submitted for your consideration.

During the year 279,217 tons were hoisted, of which 261,609 tons were ore and 17,608 tons were waste.

The 261,609 tons of ore milled yielded bullion containing 176,517 ounces of gold, the average yield being 0.6748 ounces or 13.50 pennyweights per ton. All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. The price paid by the Royal Canadian Mint is based on \$35.00 per ounce United States funds and settlements are made in equivalent Canadian funds at the current exchange rates. Free market prices are by direct negotiation between buyer and seller. The price received on all production during the year averaged \$43.45 Canadian per ounce.

MINING:

In all 241,831 tons of a grade of 14.83 dwt. were drawn from the stopes and sent to the mill.

Broken ore totalling 115,200 tons remains in the stopes, an increase of 5,700 tons from the previous year.

The main stoping operations were above the 14th or 2,050-foot level. Ore removed by cut-and-fill mining increased from 22% to 28% of the total ore mined.

DEVELOPMENT:

Development work, especially lateral work, showed a decrease for the year due to the lack of development crews. Development was distributed from the 6th to the 21st level. Of this work 53% was drifting and raising in known ore zones. The other 47% was in waste in drifting to the F-2 Zone, the "G" Zone, and to the "L" Zone, and the drive on the 21st level towards the northwest part of the property.

SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR YEAR 1969

Level	Drifts	Crosscuts	Raises	Slabbing	Totals	Diamond Drilling
Surface.....	....	....	....	....	....	....
1st.....	....	....	....	....	....	....
2nd.....	....	....	....	....	....	....
3rd.....	....	....	....	....	....	....
4th.....	....	....	....	....	....	....
5th.....	....	....	174	25	199	1,417
6th.....	935	49	....	32	1,016	1,956
7th.....	....	....	311	65	376	1,190
8th.....	136	....	267	102	505	2,491
9th.....	202	....	55	45	302	582
10th.....	....	....	....	....	....	....
11th.....	....	....	185	28	213	387
12th.....	47	....	....	15	62	956
13th.....	194	43	156	22	415	140
14th.....	....	....	385	38	423	661
15th.....	100	193	6	126	425	453
16th.....	218	....	11	98	327	1,843
17th.....	....	....	205	66	271	5,139
18th.....	1,113	229	364	202	1,908	3,378
19th.....	716	10	202	205	1,133	4,475
20th.....	127	....	4	11	142	....
21st.....	488	....	39	56	583	3,292
22nd.....	....	....	....	....	....	1,183
Totals.....	4,276	524	2,364	1,136	8,300	29,543

Diamond drilling totalling 29,543 feet was done as a guide to development and mining.

The table on page eleven shows details of development and diamond drilling completed during the year.

ORE PRODUCTION:

The mine produced 261,609 tons of ore during the year which averaged 14.52 dwt. The stopes produced 241,831 tons averaging 14.83 dwt. and development work produced 19,778 tons averaging 10.65 dwt.

ORE RESERVES:

The ore reserves are estimated at 1,331,100 tons, an increase of 42,700 tons over last year. The ore reserves include 115,200 tons of broken ore. Potential ore exposed by lateral work but not sufficiently determined by our normal raising practice is not included in the ore reserves.

A summary of the distribution of ore in place, broken ore and total ore extracted from stopes to the end of 1969 is as follows:

SUMMARY OF ORE RESERVES AND EXTRACTION BY LEVELS

	Tons Ore in Place	Average Grade (dwt. per ton)	Tons Broken Ore	Total Tons Ore Extracted From Stopes to End of 1969
Surface to 1st Level.....	7,500	11.94	....	248,566
1st Level to 2nd Level.....	13,900	12.44	....	328,642
2nd Level to 3rd Level.....	20,500	12.47	....	357,043
3rd Level to 4th Level.....	21,900	10.65	....	472,454
4th Level to 5th Level.....	35,300	11.86	....	454,804
5th Level to 6th Level.....	66,800	15.29	....	442,535
6th Level to 7th Level.....	84,600	13.24	12,400	493,151
7th Level to 8th Level.....	60,200	10.50	39,200	410,386
8th Level to 9th Level.....	70,500	13.20	25,100	278,941
9th Level to 10th Level.....	118,200	15.35	13,500	195,647
10th Level to 11th Level.....	104,400	15.30	12,300	68,378
11th Level to 12th Level.....	55,800	11.77	....	83,562
12th Level to 13th Level.....	136,800	14.90	12,000	65,123
13th Level to 14th Level.....	160,800	15.59	....	69,596
14th Level to 15th Level.....	139,500	13.03	700	11,184
15th Level to 16th Level.....	48,500	14.83	....	....
16th Level to 17th Level.....	39,300	12.62	....	....
17th Level to 18th Level.....	31,400	10.24	....	....
	1,215,900	13.85	115,200	3,980,012

Ore in Place 1,215,900

Broken Ore 115,200

1,331,100

Increase over 1968 is 42,700 tons.

MILL:

The following are the results of milling operations:

Tons of ore treated	261,609 tons
Average tons per calendar day	717 tons
Average grade of ore treated	14.52 dwt. per ton
Recovery	13.50 dwt. per ton
Recovery percentage	92.97%

COSTS:

The expenditure on mining was \$1,272,188 or \$4.86 per ton milled.

The expenditure on development was \$550,802 or \$2.10 per ton milled.

Operating costs (including Mint handling charges) were \$11.62 per ton milled.

CAPITAL EXPENDITURES:

Net capital expenditures for the year were \$199,796. This amount covered the installation of Lebus winding on the hoist drum, surface electrical system modernization, additions to underground tramping equipment, and additions to living facilities for employees.

The details of changes in plant buildings and equipment are as follows:

Additions:

Mine equipment	\$ 64,318
Reduction building and equipment	478
Surface buildings and equipment	135,000
	<hr/>
	\$ 199,796
Less net book value of retirements	Nil
	<hr/>
Net Increase	<u>\$ 199,796</u>

EXPLORATION:

Through joint participation in the exploration program of the parent company, Dome Mines Limited, your Company continued its 30% interest in those projects which originated before January 1, 1969 and a 21% interest in the substantially increased exploration campaign which started on January 1, 1969:

Maritime Provinces:

A participation in the Hansa Syndicate which continued to carry out exploration on two mineral concessions in central Newfoundland. During 1969 a number of short holes were drilled on anomalies of various kinds, but no mineralization of economic importance was discovered.

A participation in the exploration of a property in Cape Breton Island, Nova Scotia. Three holes were drilled to test certain areas of interest. Only disseminated uneconomic sulphides were found.

A participation in a geochemical program on a 37-claim property staked during 1967 in northern New Brunswick. Soil sampling, induced polarization and bulldozing indicated that no further work was justified.

Quebec:

A participation in the drilling follow-up of an airborne geophysical program in which 17 holes were drilled on 15 different anomalies. The anomalies were found to be caused by uneconomic sulphide mineralization.

A participation in the continued exploration of a 15-claim optioned property in northwestern Quebec. During 1969, drilling was carried out on four induced polarization anomalies. Six holes were drilled and disclosed only minor copper mineralization.

A participation in the exploration of a 14-claim property in Louvicourt Township, Quebec. A Turam survey was carried out over 32.5 line miles. No geophysical anomalies of interest were found and the property was returned to the vendors.

A participation in the exploration of an optioned 24-claim property in Bourlamaque Township. This property, which lies along the general trend of the Louvem, Manitou-Barvue, Rainville and East Sullivan zones was covered by Turam and magnetometer surveys and results are still being evaluated.

A participation in an option on an 11-claim property in the same general areas as the foregoing. Lines have been cut on this property in preparation for a geophysical survey early in 1970.

A participation in the exploration of the property of Billiken Mines Limited in Louvicourt and Vauquelin Townships in northwestern Quebec. A Turam survey was completed and six holes were drilled on the anomalies. No economic sulphide mineralization was found.

During 1969 exploration continued on the property of Clinton Copper Mines Limited. As a result of an extensive diamond drilling program, the indicated quantities of copper-zinc mineralization on the property were considerably increased. Drilling continues.

Ontario:

A participation in the exploration of 4 groups, totalling 160 claims, in the Uchi-Confederation Lake area of Ontario. An airborne E.M. survey was carried out over these properties and on one of them a number of geophysical anomalies were found. Ground geophysical follow-up will be carried out in 1970.

A participation in the follow-up exploration of an airborne E.M. survey on a volcanic belt in northwestern Ontario. Thirteen groups, totalling 260 claims, were staked to cover selected anomalies. Detailed ground geophysical surveys were completed on 25 separate anomalies. Diamond drilling was started in December and, by year-end, two holes had been drilled on two separate conductors. The anomalies drilled were found to be due to uneconomic sulphide mineralization.

A participation in an extensive regional airborne radiometric survey in northwestern Ontario. This survey involved 6,188 line miles covering an area of approximately 3,150 square miles. Of the many anomalies found, 62 were checked during the field season. Of this number, one was found to be of immediate interest and was staked. A minor program of drilling was completed on this property but results were disappointing.

A participation in airborne radiometric surveys of other selected areas in northwestern Ontario. These surveys covered 755 line miles. To date, 13 anomalies were ground checked but found to be of no present interest.

A participation in an airborne E.M. survey in an area of northwestern Ontario. This survey, amounting to 527 line miles, was carried out over an area believed to have been a centre of Precambrian rhyolite vulcanism. As a result of this survey, 23 anomalies were found, and an immediate staking program was carried out to acquire six groups totalling 157 claims.

A participation in a prospecting program in northwestern Ontario.

Manitoba:

A participation in the exploration of a block of 243 claims in southeastern Manitoba which was acquired in the spring of 1969. Initially, an airborne radiometric survey was performed in order to outline the most radioactive portions of the property. Detailed mapping and prospecting were carried out over the broad moderately radioactive area defined by the airborne survey. This work resulted in the discovery of a number of local zones of radioactivity. A preliminary drilling program involving 5 holes for an aggregate footage of 1,738 feet, was carried out during the latter part of the field season. The most encouraging mineralization found during the drilling program averaged 1.12 lbs/ton U_3O_8 over 14.7 feet. The type of occurrence is unusual and more exploration is warranted.

A participation in airborne radiometric surveys on six areas in Manitoba, totalling 1,350 line miles. Of the large number of anomalies found, 13 were ground checked and found to be of no immediate interest.

Northern and Western Canada:

A participation in airborne radiometric surveys over a 900-square mile area of continental sedimentary rocks in the northern Cordillera. Ground checking of the six anomalies thus found indicated that none was of interest.

A participation in airborne radiometric surveys in the Northwest Territories. This program involved 1,185 line miles of surveys in several areas south of Great Bear Lake. Of the many anomalies found, 34 were ground checked but were found to be of no immediate interest.

A participation in a regional geochemical reconnaissance program in the Canadian Cordillera. This program will continue in 1970.

General:

Your Company participated in various prospecting ventures organized by individual prospectors.

GENERAL:

The daily milling rate was maintained at 717 tons per day.

That operating costs increased by only 2% in spite of substantially higher labour and material costs was due to an acute shortage of miners with consequent reduction in development. While this did not appreciably influence reserves this year, development work will need to be increased in future years.

Appended to this report is a table setting forth the communities in which purchases were made, wages and salaries paid and distribution of taxes.

It is a pleasure to record my appreciation to Mr. M. A. Taschereau, Assistant General Manager, for his loyal and efficient services during the 13 years of my close association with him. In August Mr. Taschereau was transferred to another Dome subsidiary and was replaced by Mr. S. M. Reid as General Superintendent. The effective co-operation and contribution of all department heads and operating staff is gratefully acknowledged.

Yours faithfully,

Balmertown, Ontario,
February 23, 1970.

J. CHISHOLM,
General Manager.

Campbell Red Lake Mines Limited

Total supplies and services	\$2,170,387
Total amount of wages and salaries	1,682,430
Income taxes	1,425,000
Other taxes (Provincial and Municipal)	621,986

PRINCIPAL CITIES AND TOWNS IN CANADA WHICH BENEFIT

Atikokan	Granby	Oakville	St. Catharines
Bala	Hagersville	Orillia	St. Hyacinthe
Balmertown	Haileybury	Ottawa	St. Laurent
Belleville	Hamilton	Owen Sound	St. James
Burlington	Kenora	Peterborough	Sudbury
Calgary	Kirkland Lake	Pointe Claire	Thornbury
Clarkson	Kitchener	Port Credit	Thunder Bay
Cooksville	La Salle	Red Lake	Toronto
Cowansville	London	Red Lake Road	Vancouver
Don Mills	Markham	Rexdale	Vermilion Bay
Dorval	Mississauga	Sarnia	Weston
Downsview	Montreal	Sault Ste. Marie	Whitby
Dryden	New Liskeard	Sioux Lookout	Willowdale
Fort Erie	North Bay	Scarborough	Windsor
Galt	North Vancouver	St. Boniface	Winnipeg

NUMBER OF COMMUNITIES, COMPANIES AND INDIVIDUALS THROUGH WHOM SUPPLIES AND SERVICES ARE PURCHASED

	Communities	Companies and Individuals
British Columbia	2	4
Manitoba	3	73
Ontario	46	181
Quebec	8	26
Alberta	1	1
United States of America	6	8
	<u>66</u>	<u>293</u>

